

# Retiree News & NOTES



STATE RETIREMENT  
and PENSION SYSTEM  
of MARYLAND

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A Newsletter for Retirees from the State Retirement & Pension System of Maryland

## November advice slip will be last until January

**AFTER THIS MONTH**, the State Retirement Agency will begin a new schedule for issuing advice slips to retirees and beneficiaries receiving a monthly benefit.

This means:

- Your November advice slip, or “check stub,” will be the last you receive until January.
- You will not receive an advice slip in December.
- From this point forward, you will receive an advice slip only in January and July, and in any month when your net payment changes.

Your benefit payment will continue to be deposited at your financial institution 12 months a year, on time and in the correct amount.

If you wish to confirm the deposit, you may contact your financial institution or call the State Retirement Agency’s automated phone line by dialing 410-625-5555 or toll-free 1-800-492-5909 and selecting option two from the menu. See the reverse side of this newsletter for instructions.

### WAIVER AVAILABLE

Retirees and beneficiaries who wish to continue receiving a monthly advice slip may submit a written request to the State Retirement Agency, **Attn. Retired Life Unit**, 120 East Baltimore Street, Baltimore, Maryland, 21202.

## Important information for retirees considering reemployment

**IF YOU ARE CONSIDERING REEMPLOYMENT** with the *same employer* from whom you retired then you need to be aware of the following important information.

The Internal Revenue Service (IRS) can impose a significant tax penalty on you if you are under the age of 59½, retire and begin receiving your monthly retirement benefits, and are reemployed by the same employer from whom you retired. In order to avoid this penalty there must be a bona fide separation from service between you and your former employer.

While the IRS has not specifically defined what constitutes a bona fide separation from service it is clear that the more differences between your last job before retirement and the job being performed upon your reemployment, and the longer the break between the date of your retirement and the date of your reemployment, the more likely it is that there has been a bona fide separation from service. If you are reemployed to perform the same job, even if there is a reduction in your work schedule, this would not qualify as a bona fide separation from service. Even arrangements where you are rehired as an “independent contractor” may not meet the IRS’ standard.

You also need to be aware that new legislation passed by the General Assembly during the 2005 legislative session requires a minimum break in service of at least 45 days prior to any reemployment with your former employer.

If you are considering reemployment after retirement you may wish to review and discuss this information with your prospective employer and your tax advisor. Failure to do so could result in a significant tax penalty on your income. There are also serious tax consequences to the State Retirement and Pension System if a bona fide separation from service does not take place in certain circumstances following retirement prior to reemployment with the same employer.

# New automated phone system starting this fall

THE STATE RETIREMENT AGENCY'S NEW AUTOMATED TELEPHONE SYSTEM will provide callers with more detailed account information at the push of a button.

The convenient new system will offer retirees 24-hour access to their retirement account. Simply dial 410-625-5555 or toll-free 1-800-492-5909 and select from the following options:

- 1 Hot Topic:** Select 1 on your touch-tone phone to hear a recorded message with the latest news and information from the Retirement Agency.
- 2 For retirees and beneficiaries receiving a monthly payment:** Press 2 and follow the instructions to confirm your current mailing address, request Agency forms and access your account information. You'll be able to verify the net amount of your monthly benefit, the date of payment and the name of the financial institution receiving your direct deposit.
- 3 For current or vested members:** Selecting 3 provides information for active and vested members who are not yet retired.
- 4 Appointments:** To schedule a counseling session at our Baltimore office or the regional location nearest you, simply press 4.
- 5 Survivor Benefits:** Select 5 to report the death of a member or retiree.
- 0 Staff Assistance:** If your question cannot be answered through the numbered options, select 0 or stay on the line to speak with a retirement benefits counselor.

To protect your privacy, your personal retirement information can be accessed only with your Social Security number and individual PIN (personal identification number). Your four-digit PIN is the month and year of your retirement. For example, if you retired July 2005, your PIN would be 0705. If you like, you may change your PIN when you access the automated phone system.

## Keep your beneficiary selection up to date

**IF YOU HAVE EXPERIENCED A CHANGE IN YOUR LIFE** – such as the arrival of a new family member, a marriage or divorce, or the death of a loved one – you may wish to update your beneficiary designation.

**It is your responsibility to keep your beneficiary designation up to date.**

If at retirement you selected a single-life annuity (the Basic Allowance, Option 1 or Option 4), changing your beneficiary(ies) on file is easy. Simply submit a new *Designation of Beneficiary* (Form 4) to the State Retirement Agency. Changing your beneficiary under these payment options will not affect your benefit amount.

If you selected a dual-life annuity (Options 2, 3, 5 or 6) and wish to change your beneficiary, the process is more involved. Only one beneficiary may be named under a dual-life annuity. This beneficiary may be changed, but it will cause a recalculation of your benefit

amount. In many cases, the recalculated amount will be less than the current amount.

To change your beneficiary under Options 2, 3, 5 or 6, you should first submit a *Request for Calculation of Joint Survivorship by a Retiree Considering Changing a Beneficiary* (Form 66). Upon receipt of this form the Agency will send you an estimate of your new payment amount. The Form 66 does not change your beneficiary or benefit. To actually change your beneficiary, you must submit a *Form 67 Application by a Retiree Under a Joint Survivorship Annuity (Options 2, 3, 5 or 6) to Change a Beneficiary*.

Forms 4 and 66 are available on the State Retirement Agency's Web site at [www.sra.state.md.us](http://www.sra.state.md.us) or by calling or writing to the Agency. Form 67 is not accessible online. Form 67 is available only after you have submitted a Form 66 and received an estimate of your recalculated benefit.

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